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Review of *Rulers, Religion, & Riches: Why the West Got Rich and the Middle East Did Not*

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Comments

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Economists are valued chiefly for their ability to tell people how to get rich. While there are countless specialties within the field, there are two main divisions: forecasting – how an individual or firm can gain by knowing the future – and development – how a whole country can become more prosperous by repeating the successes of the past. This book decidedly is in the second category. Rubin presents a theory that clearly addresses the development issue in an entirely fresh way. He finds that the relationship between government and religious leaders determined the treatment of wealth-producing advances. These relationships differed between the West and the Middle East. When the government needed the endorsement of the religious leaders, those religious leaders often used their influence to block economically beneficial changes and created poverty. Independent governments, more common in the West, lacked the incentive or the ability to block these changes. Max Weber (1905) argued that “the Protestant work ethic” was the secret to a successful economy, but several sociologists and economists produced compelling arguments against this theory in the 20th century. Now, in the 21st century, Jared Rubin

and other researchers are reexamining the role religion plays in wealth production.

The most interesting aspect of Rubin's work is that the Middle East was once far ahead of the western world, not only in wealth, but in intellectual achievements, scientific advances and urban population, good markers for productivity. In 800 CE, the most developed economies were centered on the fertile crescent (Bagdad) and southern Spain, both predominantly Islamic. Christian areas were virtually all poor. Soon, this pattern began to change. Commercial development took a northern route through Italy to the rest of Europe. By the eighteenth century, while Europe did not completely dominate the Middle East, Islamic cities and their attendant civilizations consisted of only Istanbul, Cairo and Tunis. Today, the only Islamic countries with high per-capita GDPs are a few where oil revenue has been retained by a very small proportion of a small population.

What happened? Rubin explores this question in extensively researched detail. He finds most of the impact came from the widely divergent attitudes that Western European and Middle Eastern rulers assumed toward two important developments. The first was the acceptance of charging interest for loans. Banking is an accelerant to development. Spreading money widely and easily allows growth, and withholding funds from new ventures is a sure method of stifling increased efficiency and production. Charging interest motivates the movement of capital to its most productive use. The Islamic religion in general opposes charging interest. Christians opposed it also, but as Jewish lenders were readily available, governments became increasingly likely to look the other way. The opposition of both Islamic and Christian leaders to interest was weakened in the 14th century by the rapid rise of commercial banking, which seemed obviously different than consumer borrowing. The Christian leaders caved, but even today "ruses" are needed to make Islamic banking legitimate (for example, the borrower is required to give an equity share to the lender, or even purchase an extravagantly over-priced object).

The printing press was the second development that separated the two regions. Johannes Gutenberg developed the moveable-type printing press in 1450. By 1500, most major western European cities had at least one of these marvels. Bibles were the first books printed, which was fine with the

church as long as the language was Latin. Yet the variety and quantity of printed material quickly soared. Information, advertisements and political flyers were all common in cities by the next century. Merchants demanded the publication of books on mathematics and commerce. Literacy naturally rose with the number of publications, which increased worker productivity. However, in Ottoman territory, the reaction to the printing press was violently negative. In 1515, Sultan Selim I decreed that “occupying oneself with the science of printing was punishable by death.” (p. 105). Islamic religious authorities only allowed printing presses to produce works in Arabic in 1727 (p. 100).

For both innovations, the difference in acceptance had the same basis: political leaders in Islamic countries counted more heavily on the support of religious leaders to maintain their legitimacy. Political leaders in Western Europe solicited the support of religious leaders, but did not depend on it (see Henry VIII).

Rubin adds depth to his arguments by describing in some detail the development of England and the Dutch Republic, representing Western Europe, and Spain and the Ottoman Empire, representing the Middle East. England threw off the yoke of Catholic approval, and the Dutch traders never had to bear it. These countries thrived in the 15th and 16th centuries. Spain’s increasing dependence on revenue supplied by the Catholic church (even missionaries in California sent money home) meant that the church had nearly unquestioned power. The once stunning economic success of the Ottomans was eroded by the fact that the population became increasingly Muslim over time, so the importance to the government of Islamic religious rules increased.

The importance of this book goes far beyond religion. Rubin points out that it is not even about religion: “Islam itself is not the problem. However, economic success *is* less likely to occur where religion plays an important role in politics. But this is not to lay blame on religion in general, either; *any* interest group that has a powerful seat at the political bargaining table but does not have interest consistent with economic growth will play a retarding role in a society’s economy.” (p. xiv) This book raises important questions that cover economics, religion, sociology, political science and many other areas. It is accessible and thought-provoking for any reader.

Book Reviews

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